



Morning Alert - Thursday, February 2, 2017

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HEADLINES

Morning news

NHK led with a follow-up report on the repercussions of President Trump's executive order on immigration including the effects in Japan and elsewhere in the world. All commercial TV networks gave top coverage to the death of actor Shunji Fujimura at the age of 82.

Major front-page items in national dailies included Prime Minister Abe's intention to counter President Trump's criticism that Japan has engaged in currency devaluation during their planned summit in Washington next week, a Supreme Court ruling stipulating six criteria for justifying the removal from the Internet of search results that may include private information, the upcoming trip to Japan by Secretary of Defense Mattis, and Toshiba's plan to sell some of its Westinghouse stocks.

INTERNATIONAL

Abe to explain Japan's currency policy in summit with President Trump

All papers reported in front- or inside-page articles on remarks made at the Diet on Wednesday by Prime Minister Abe, who dismissed President Trump's latest assertion that Japan has guided its currency downward for many years by saying: "The Bank of Japan has adopted an appropriate monetary policy to achieve a 2% inflation target. The president's criticism that Japan has engaged in currency devaluation is wrong." The premier said when meeting with the U.S. leader in Washington on Feb. 10, he will explain Japan's economic and trade policies, including currency.

The dailies said Tokyo is perplexed and displeased by the President's criticism because the ongoing easy monetary policy practiced by the Bank of Japan is intended to end years-long price deflation

and is in line with the G7 and G20 accords. However, Asahi said because Japan's monetary easing has pushed down the yen's value, President Trump's persistent criticism may hurt Abenomics, which views a weak yen as an engine for robust economic growth. Nikkei speculated that the President is apparently targeting the currency policies of China, Japan, and Germany in an attempt to press them to reduce their trade surpluses with the U.S. Several papers wrote that President Trump probably criticized Japan's currency policy in response to concerns held by the Big Three, particularly Ford, about Japanese automakers' strong presence in the U.S. market. The papers asserted that since the U.S. leader may be tempted to devalue the dollar, the world economy may go into a tailspin as a result of a "currency war" initiated by Washington.

Meanwhile, most papers predicted that Abe is likely to propose to President Trump during their summit meeting greater bilateral cooperation in a range of economic areas, including Japan's infrastructure investment in the U.S. through the purchase of U.S. company bonds by the Government Pension Investment Fund (GPIF), joint development of artificial intelligence and robots, the creation of common rules for automated driving, and joint cooperation to deal with cyberattacks. Nikkei claimed that Abe may put forward the idea of launching bilateral economic dialogue by cabinet ministers, including Finance Minister Aso, USTR-designate Lighthizer, and Commerce Secretary-designate Wilbur Ross. Abe stated at the parliament on Wednesday: "I would like to explain how Japan can contribute to improved productivity, increased competitiveness, and job creation in the U.S. auto industry.... I want to show him that the two nations' economies will grow stronger through deeper mutual cooperation."

In a related article, Mainichi published a Kyodo story from Washington noting that the Trump administration will probably adopt a "buy American" policy in carrying out massive infrastructure investment, expressing concern that Japan's steel and other construction material exports may be adversely affected if the U.S. chooses domestic products over foreign imports.

Abe to visit Florida, possibly play golf with President Trump

Several papers claimed that arrangements are being made for President Trump and Prime Minister Abe to hold a separate meeting in Palm Beach, Florida, on Feb. 11, noting that the U.S. side has requested the meeting. The two may play golf together there to deepen their mutual ties.

Rex Tillerson confirmed as secretary of state

NHK reported this morning that the U.S. Senate approved the nomination of Rex Tillerson as secretary of state on Wednesday afternoon. The network said the majority of the Democratic Party members voted against the nomination while all members of the Republican Party voted in favor of it. The network said Tillerson will soon be officially sworn in, adding that attention will be focused on how the Secretary will deal with Russia and China.

Japan, Russia to launch formal talks on “joint economic activities” on contested islands

All papers reported on a meeting held yesterday in Moscow between high-ranking Japanese and Russian diplomats, during which they agreed to launch interagency “formal talks” to work out the details of the agreed-upon “joint economic activities” in the Northern Territories. The first session will be held in Tokyo in March.

SECURITY

Pentagon chief to discuss “fair burden sharing”

Asahi took up the upcoming visit to Japan by Secretary of Defense Mattis, projecting that “burden sharing” between the two allies may be at the top of the agenda for his meeting with Defense Minister Inada, given that President Trump has claimed that Japan has not paid enough of the cost of stationing U.S. troops. The paper said the DOD leader may press Japan to take on a greater financial burden or security role, adding, however, that some Japanese politicians, including defense hawks within the ruling LDP, may capitalize on U.S. “gaiatsu” to increase defense spending in order to counter China’s rapid military buildup and North Korea’s nuclear and missile development.

Sankei gave top play to a personal profile of Secretary Mattis, explaining that he commands strong respect across the political spectrum for his impressive career and high intelligence. Because President Trump’s Asia policy still remains elusive, the daily said the remarks made in Tokyo by “Mad Dog” may signal whether or not the U.S. will continue to attach importance to Japan.

In a related piece, Yomiuri focused on remarks made at the parliament yesterday by Defense Minister Inada, who expressed hope that Defense Secretary Mattis will state that the Senkaku Islands fall under the scope of the U.S.-Japan Security Treaty. She said: “I am confident of the U.S. commitment [to the defense of the islands]. I would like to confirm it with the Secretary.”

GOJ not to seek renewal of permit to destroy rocks reefs

Yomiuri and Tokyo Shimbun reported that the GOJ has concluded that it will not be necessary to ask the Okinawa governor to renew a permit for demolishing rock reefs off Camp Schwab that expires on Mar. 31 on the grounds that fishing rights in the area do not exist. The Okinawa leader had reportedly been considering turning down such a request in order to thwart the Henoko relocation plan. The central government believes that fishing rights off the U.S. base became nonexistent in November last year as local fishermen agreed to relinquish them in return for monetary compensation.

Meanwhile, Asahi wrote that the central government plans to begin preparations for bank protection work off Camp Schwab next week by placing large concrete blocks on the seabed, speculating that

the operation, to be carried out ahead of the U.S.-Japan summit scheduled for Feb. 10, is intended to demonstrate Tokyo's resolve to attach importance to the bilateral alliance.

Okinawa leader meets with seven members of Congress

Mainichi ran a Kyodo piece from Washington saying that visiting Okinawa governor held talks with seven members of Congress on Wednesday and explained his opposition to the Futenma relocation plan.

U.S. Aegis warship runs aground, spills oil

Several papers reported very briefly in their city news sections on a CNFJ announcement yesterday that up to 1,100 gallons of oil was spilled into the ocean when the USS Antietam ran aground near Yokosuka Naval Base on Tuesday morning.

